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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

2nd Draft of
12 January 1951

SUBJECT: NIE-10: Communist China

THE PROBLEM

To estimate the stability of the Chinese Communist regime, its relations with the USSR, and its probable courses of action toward the non-Communist world.

CONCLUSIONS

Stability of the Chinese Communist Regime

1. For the foreseeable future the Chinese Communist regime will probably retain exclusive governmental control of mainland China. There are no indications that a successful counter-revolution can develop from current anti-Communist efforts. On the basis of the slight evidence available, it is estimated that about 700,000 men may be engaged in active resistance operations, ranging from local banditry to organized guerrilla warfare. Of these perhaps 300,000 are loosely associated with the Nationalist regime on Taiwan. These forces are creating widespread disorders, but they are uncoordinated, lack effective top-level leadership, and have no constructive political program to offer. By themselves these resistance forces do not constitute a major threat to the Chinese Communist regime.

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General Objectives of Communist China

2. The main objectives of the Chinese Communist regime are to establish and perpetuate its own control over all Chinese territory and construct in China a Communist economic and social order. To these ends the Chinese Communists aim at eliminating Nationalist Chinese and Western power from the Far East as rapidly as possible. By pursuing these objectives in close association with the USSR, particularly in attempting to eliminate Western influence in Korea and Indochina, the Chinese Communists are following a course of action destructive to US strategic interests in the Far East and bound to reduce the worldwide power position of the US and its allies in relation to the joint power position of the USSR and China.

Sino-Soviet Relations.

3. The Chinese Communists are clearly coordinating policy and acting in close cooperation with the USSR. There is between Peiping and Moscow a strong bond of mutual interest in jointly protecting the security of the two regimes and in eliminating Western influence from Asia.

4. The current Soviet program of economic and military assistance is enabling Communist China to move toward achievement of its general objectives. Western countermeasures against Chinese Communist advances would render Communist China even more dependent on the USSR for economic and military support.

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5. There are latent possibilities of conflict between Peiping and Moscow. These might develop over control of border territories like Sinkiang, Manchuria, and Korea, as a result of Chinese resentment at Soviet efforts to infiltrate and control the Chinese Communist government, or if the USSR failed to carry out its economic and military commitments to Communist China. But these elements of potential conflict between Chinese national interests and over-imperialistic Soviet policy and tactics are long-term possibilities unlikely to emerge in the course of active military measures against what both regimes consider a common enemy.

6. Only if Soviet strength declined sharply in relation to the strength of the US and its allies and if, at the same time, the Chinese Communist regime believed it could remain in power on the basis of a peaceful accommodation with the US and its allies, the Chinese Communist regime might attempt to break its association with the USSR. This situation is unlikely to develop during the next two or three years, and in this period the two regimes can be expected to continue their close association and pursue a joint course of action.

Immediate Chinese Communist Threats to US Security Interests in East Asia.

7. The mounting scale of the Chinese Communist intervention in Korea and the unwillingness of the Chinese Communists to discuss a diplomatic settlement except on their own terms indicate that they intend to drive UN forces out of Korea. Their capability of doing so

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within the near future will depend upon the commitment of additional US military forces there and upon Western counter-action against China proper.

8. The Chinese Communists are fully committed to the eventual capture of Taiwan in order to complete the conquest of Chinese territory and eliminate the last stronghold of the Nationalist regime. There is no indication, however, that such an attack will be launched in the near future. It is doubtful whether an assault on Taiwan could be successful without Soviet air and submarine support so long as the US Seventh Fleet is available to protect the island. In present circumstances it is unlikely that the Chinese Communists would undertake an operation against Taiwan.

9. The Chinese Communists at present also have the capability of intervening effectively in Indochina. Even if they do not openly intervene in Indochina, they can and probably will increase military assistance to the Viet Minh until the French position becomes untenable.

10. The Chinese Communists are also capable of seizing Hong Kong at any time they are willing to accept a rupture of relations with the UK.

11. With present levels of Soviet aid, the Chinese Communists probably have the military capability of concurrently pursuing the offensive in Korea, intervening effectively in Indochina, capturing Hong Kong, and continuing to control opposition groups within China, so long as the US commitments in Korea and Indochina are not sub-

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stantially increased and so long as guerrilla activities in mainland China are not coordinated and supported from outside.

Vulnerabilities of Communist China

12. Because of Communist China's enormous strength in ground forces, the great extent of its territory, and the inadequacy of its communication routes for large-scale military operations by forces equipped and supplied by Western technology, it would be virtually impossible for the US and its allies to defeat Communist China by invasion with the forces apt to be available for this purpose in the near future. Consequently, the most practicable counter-measures against Communist China are the following:

(a) Support of Resistance Forces

Active resistance by the anti-Communist forces already present in mainland China could be increased if they were provided a clearcut organization, a high command, a plan for action, effective communications, military equipment, and logistical support. Even under these circumstances, they would be unlikely to overthrow the Chinese Communist regime in the absence of an effective counter-revolutionary movement with a constructive political program. They could, however, contain some Communist military strength and reduce capabilities for operations elsewhere.

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(b) Use of Nationalist Forces

With requisite US assistance, Nationalist armed forces from Taiwan could be landed on the mainland. Apart from the difficulties inherent in mounting such an invasion and considerable doubts as to the reliability and effectiveness of the Nationalist forces, there is every reason to suppose that the Communists could again defeat the Nationalists decisively. Such an operation would for a time divert Communist military strength.

(c) Economic Warfare

Although the economy of China is mainly rural, operates at the subsistence level, and is largely impervious to outside action, the urban segment of the economy of China is largely dependent on overseas trade, and the Chinese Communist regime leans heavily on urban political support. Curtailment of foreign trade by Western economic controls, embargos, or--if necessary--by naval blockade, would create urban unemployment and unrest, hinder industrial production and development, and create serious financial difficulties. These conditions would handicap, but in themselves would not critically damage Communist China's economy or its military potential. A selective program of aerial and naval bombardment of ports, rail systems, industrial capacity and storage bases, in addition to

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economic warfare measures, would seriously reduce the military capabilities of Communist China for sustained operations outside its own borders and conceivably might imperil the stability of the regime.

13. Neither the Chinese people nor the Chinese Communist regime could be expected to remain passive after the initiation of such counter measures. These measures would undoubtedly be portrayed as proof of Kuomintang and US "imperialism and aggression". Those involving direct military action would be regarded as marking a transition from localized to general war on US initiative. General and open Chinese attack on all Western interests would therefore have to be expected. Not only would Chinese ties with the USSR and Chinese dependence on the USSR be strengthened, but the USSR would probably furnish increased economic aid and possibly would provide open military assistance. If the USSR did not take such US counteraction as the occasion for beginning a global conflict, the USSR would support Communist China to the extent necessary to get the US deeply involved in Asia, and at the same time exploit the fact of US involvement and Western fears of global war to play upon neutralist and defeatist sentiment in the Near East and Western Europe, and thereby divide the US from its allies.